



COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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October 31, 2006

IN REPLY PLEASE

REFER TO FILE: **PJ-2**

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**LAC+USC MEDICAL CENTER REPLACEMENT PROJECT
APPROVAL OF CONSTRUCTION CHANGE ORDER
SETTLEMENT OF MORLEY CONSTRUCTION COMPANY CLAIM
CONTRACT PW-12641; MCCARTHY/CLARK/HUNT, A JOINT VENTURE
SPECS. 6550; C.P. 70787
SUPERVISORIAL DISTRICT 1
4 VOTES**

**JOINT RECOMMENDATION WITH THE CHIEF ADMINISTRATIVE OFFICER THAT
YOUR BOARD:**

Approve and authorize the Director of Public Works to execute a change order with McCarthy/Clark/Hunt, a Joint Venture (MCH), to resolve a claim associated with the work of MCH's subcontractor, Morley Construction Company, for a \$413,274 not-to-exceed amount.

REASON AND SCOPE

Unforeseen condition	<input checked="" type="checkbox"/>	Regulatory agency requirement	<input type="checkbox"/>
Drawing coordination	<input type="checkbox"/>	Previously approved scope change	<input checked="" type="checkbox"/>
Contract supplement	<input type="checkbox"/>	Errors and omissions	<input checked="" type="checkbox"/>

In September and October 2005, MCH submitted pass-through change order requests for direct costs and alleged delay and impact costs associated with the work of its subcontractor, Morley Construction Company, totaling \$3,220,769. The breakdown of this amount for the Outpatient Department building was \$884,237, which included alleged direct and impact costs, including schedule delay impacts of 429 calendar days. The Inpatient Tower building portion of the claim was \$2,336,532, which included alleged direct and impact costs, including schedule delay impacts of 423 calendar days.

Public Works entered into negotiations with MCH and Morley Construction Company to achieve a resolution of the change order requests. In the process of review and negotiations, 22 individual change items were resolved for direct and nondelay impact costs under Public Works' delegated authority. These 22 change orders totaled \$533,354. All of these change orders were considered to be within the scope of the project.

After further extensive analysis of the 22 change items, Public Works found it difficult to assign individual schedule delay impact costs for each separate change order but was able to negotiate a fair value for the total schedule delay impact of 68 calendar days in the Outpatient Department building for a value of \$141,071 and 109 calendar days in the Inpatient Tower building for a value of \$272,203 bringing the combined value of MCH's schedule delay impact pass-through claim to the \$413,274 not-to-exceed amount.

Approving the recommended action will allow MCH to complete all concrete activities and settle all outstanding claims associated with Morley Construction Company's work through September 1, 2006.

We have reviewed the above recommendation as well as the potential cost impact with the Project Advisory Committee. This change order is considered to be within the scope of the project.

There is sufficient appropriation available in the Fiscal Year 2006-07 Capital Projects Budget (C.P. 70787) to fund this action.

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CONCLUSION

Please return an adopted copy of this letter to the Chief Administrative Office (Capital Projects Division) and Public Works.

Respectfully submitted,

DONALD L. WOLFE
Director of Public Works

DAVID E. JANSSEN
Chief Administrative Officer

RL:HH:cb

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cc: County Counsel
Department of Health Services (Fred Leaf)
Project Advisory Committee (A. Redmond Doms, Jerry Epstein, Nick Patsaouras)